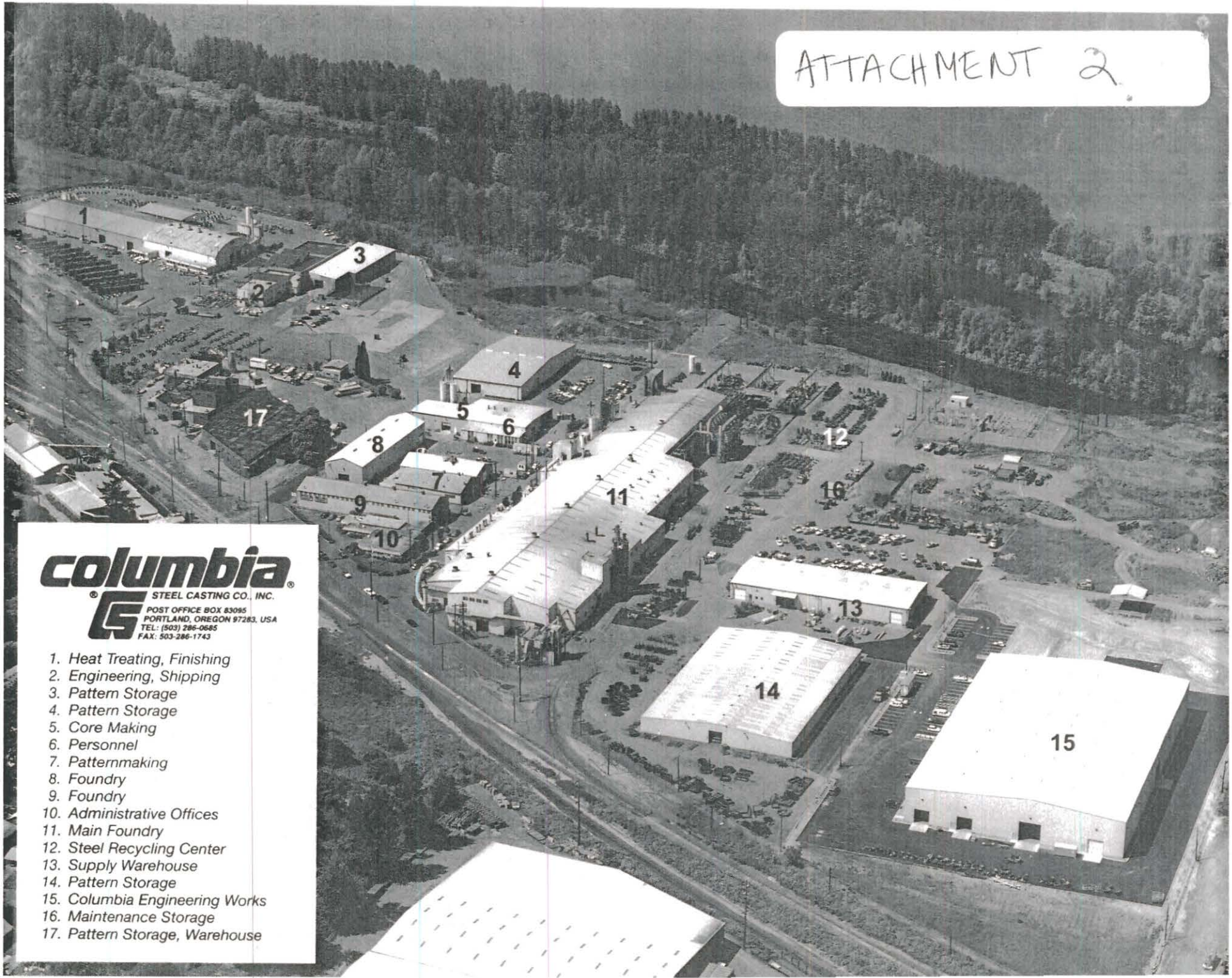
ATTACHMENT 2



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STEEL CASTING CO., INC.
POST OFFICE BOX 83095
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FAX: 503-286-1743

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ATTACHMENT 3

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August 2, 2004

Greg Grunow
DEQ NW Region Air Quality Program
2020 SW 5th Ave., Suite 400
Portland, OR 97201-4987

Paul Koprowski
US Environmental Protection Agency
811 SW 6th Ave.
Portland, OR 97204

Re: Compliance Determination Inspection at Columbia Steel Casting Co.

Gentlemen;

At the conclusion of your visit here on 7/21/04, you expressed a few concerns that I agreed to research further. The following should clarify your questions:

RE: Change in TRI reporting

Between 1998 & 1999, the reported TRI releases to air increased significantly. This was due to a change in reporting method. The staff engineer who had previously handled this annual report retired. In the process of transitioning that responsibility to his replacement, we realized that he had not been including any estimate for emissions from the discharge stack of the dust collectors serving the arc furnaces. All reports since then include that source, with the calculations based on analysis of baghouse dust composition and actual stack tests done previously on those baghouses. Although the change is about 300% in terms of releases to air, it is only about 1% in terms of our total TRI emissions. Since the change goes back more than 5 years previous, is there any need to revise the pre-1999 reports? No

— WHAT WAS WE INCLUDING?

RE: NSPS requirements for newest arc furnace

EPA's Applicability Determination Index, on their website, lists more than one letter confirming that arc furnaces in foundries are exempt from the NSPS rules. Document #0100015 of 2/27/01, mentions "...the foundry exemption contained in the original final rulemaking notice of September 23, 1975." Document #AA01 of 11/06/75 mentions "Section 60.271(a) expressly excludes furnaces from which the molten steel is cast into the shape of finished products, such as in a foundry." Finally, if you refer to our 1994 ACDP permit renewal, in the Application Review Report, under Additional Requirements, item 29 confirms DEQ's interpretation that we are not subject to NSPS.

Items 22,30,31,32 also give relevant determinations about (non-)applicability of PSEL. PSD, NESHAPS, and TACT regulations. As a Minor Source, we are not subject to MACT rules, either.

RE: possible upset emissions on 6/12/04
You have my letter of 6/15/04 to Greg Grunow, reporting the details of my investigation into this event, wherein a dust collector fan quit without warning because a bearing seized. I also procured copies of Serbaco's weekly inspection report for 6/8/04, reporting slipping drive belts but no indication of bearing vibration or heating problems. For reference, I also have a copy of Serbaco's 1/17/04 inspection report on a different dust collector, as an example where bearing vibration was reported as a warning. That should substantiate that this was an unforeseeable breakdown.

RE: Visible emissions observed on 7/21/04 from core room dust collector
Repairs were completed 7/24/04, by replacing two bags and cleaning the cell plate the bags attach to. In the interim, I don't believe the visible emissions ever exceeded the opacity limits in our permit, so upset emission rules do not apply.

You expressed an intention to audit our recordkeeping in more detail, particularly the spreadsheet that is part of our annual report. I have organized the supporting documentation for that spreadsheet. If you still feel that is necessary, then let's schedule it soon and get it done. I plan to be out of the office August 12-23.

Thank you.

Sincerely,

COLUMBIA STEEL CASTING CO., INC.

Bruce Schacht
Plant Engineer

CC: Audit File
Guy Marshall

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Determination Detail

Control Number: 0200083

Category: NSPS
EPA Office: Region 5
Date: 07/02/2002
Title: Electric Arc Furnaces in Steel Forging Plants
Recipient: Frank Nathan
Author: George Czerniak
Comments:

Subparts:	Part 60, AA	Steel Plants-Electric Arc Furnaces
	Part 60, AAa	Steel Plants-EAFs, Argon-Oxygen Decarb. Vess. (PT 8/17/83)

References: 60.270
60.270a

Abstract:

Q: Are electric arc furnaces in steel forging plants regulated by Subparts AA and AAa?

A: If a plant manufactures a product that comes from a mold and that product, as it comes out from the mold, is modified by rolling, forging, hot or cold working to alter its shape, the furnaces are regulated.

Letter:

DATE: July 2, 2002

SUBJECT: Applicability determination for electric arc furnaces in steel forging plants

FROM: George T. Czerniak, Chief
Air Enforcement and Compliance Assurance Branch

EAF. Foundry EAFs cast molten iron or steel into the shape of finished products; steel plant EAFs cast molten steel into the shape of intermediate products."

The question now becomes whether the forging plant you are dealing with falls into the category of a foundry or a steel plant. As stated in the Farmer letter, molten steel from foundry EAFs is poured into pre-shaped molds for finished product, such as valve bodies. At the steel forging plant in question, you describe the process as pouring the molten steel into ingot molds, after which the ingots are removed from the molds, forged to customer's specifications, then shipped out. Clearly, this process doesn't fit into the foundry category, since the EAFs do not cast the steel into the shape of finished product, but rather into ingots, which is an intermediate product. In steel plants, molten steel has historically been poured into molds to make ingots, which were subsequently rolled into shapes such as slabs, blooms or billets. This is similar to the process in the forging plant, except that rather than change the ingot's shape through rolling, it is done in the forging operation by pounding.

One document which puts forging operations into the steel plant category is U.S. EPA's "Background Information For Standards Of Performance: Electric Arc Furnaces In The Steel Industry, Volume 1: Proposed Standards", October 1974. On page 65, language that refers to operations in covered shops states:

"The electric arc furnace is the primary facility and overwhelmingly the major source of air pollutant emission in an electric arc furnace shop. However, there are also other facilities that emit air pollutants. They include: 1. Argon-oxygen decarburizing vessels; 2. Vacuum-arc remelting furnaces; 3. Inert atmosphere remelting furnaces; 4. Electroslag remelting furnaces; 5. Teeming; and 6. Continuous casters."

This indicates that plants with EAFs that incorporate teeming operations would be covered by the rule. As explained in "The Making Shaping and Treating of Steel", the word "teeming" in the steel industry is the process of pouring liquid steel into ingot molds. Teeming, as defined in this way, is found in the forging plant you are looking into.

Another document which further supports treating forging operations as steel plants is U.S. EPA's "Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels in Steel Industry - Background Information for Proposed Revisions to Standards", July 1983. Page 9-4 of this document states:

"The blast furnaces and steel mills industry (hereafter the steel industry) is the name given to those firms classified in SIC 3312."

In the Standard Industrial Code (SIC) manual, listed under SIC 3312 is "Forgings, iron and steel: made in steel works or rolling mills." Clearly, the intent of this language is to include forging operations that occur within plants that produce the steel for the forgings (i.e., melt scrap steel to make new steel to exact specifications), or first roll the steel before it is forged. The SIC manual separately lists other forging operations under SIC 3462, which is entitled "Iron and Steel Forgings." The listing language here is: "Forgings, iron and steel: not made in rolling mills." (emphasis added) Plants falling under this SIC code would receive steel already made, heat it to the proper temperature and then forge it. Since the listing language for SIC 3312 specifies forgings made in steel works or rolling mills, plants that have melting capability (EAFs) but do not have a rolling mill would still fall under SIC 3312. It is important to note that interpreting a "steel plant" as simply a plant that has rolling mills does not preclude plants that reshape the steel by means of forging operations rather than rolling from being considered to be a steel mill.

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Determination Detail

Control Number: AA01

Category: NSPS
EPA Office: ESED
Date: 11/06/1975
Title: Electric Arc Furnaces in Steel Foundries
Recipient: Pallam, John J.
Author: Walsh, George W.
Comments:

Subparts: Part 60, AA Steel Plants-Electric Arc Furnaces

References: 60.270
60.271(a)

Abstract:

See below. Determination available in abstract form only. Included under "Letter" field to facilitate database word searching.

Letter:

Does Subpart AA apply to electric arc furnaces in a steel foundry?

Section 60.271(a) expressly excludes furnaces from which the molten steel is cost into the shape of finished products, such as in a foundry.